

House Democrats release revised state budget plan

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Associated Press
June 1, 2015
Komo News



OLYMPIA, Wash. (AP) - As a second special legislative session starts its first full week in Washington state, House Democrats on Monday released their latest state budget proposal and negotiations with the Republican Senate moved to the governor's office.

The Democrats' plan has hundreds of millions of dollars less in spending than their original offer, but still relies on a capital gains tax to pay for additional education spending. The proposal comes days after the Senate released its own revised offer as budget negotiations moved lawmakers into a second overtime session.

House Majority Leader Pat Sullivan, a Democrat from Covington, called the plan a "substantial compromise."

"I think this is a document that shows that we have a pathway to get home," he said.

The new House proposal doesn't include closing several tax exemptions that were part of earlier negotiations. Remaining though, is the state tax on the sale of stocks, bonds and other assets that would raise \$570 million for the last year of the 2015-17 budget. The first \$400 million raised would be booked to comply with a state Supreme Court order to increase spending on K-12 education; the rest would go to a special account for higher education.

As in their original plan, House Democrats seek to levy a 5 percent capital gains tax on earnings from the sale of stocks, bonds and other assets above \$25,000 for individuals

and \$50,000 for those who file jointly. The levy would begin in the second year of the biennium, or January 2016.

Republicans have resisted new taxes, but Democrats say that new revenue is needed in order to comply with the court order.

Rep. Reuven Carlyle, a Democrat from Seattle who is chairman of the House Finance Committee, said that the capital gains tax "is a responsible, economical, efficient and fair way to fund some of our responsibility in K12."

The new Senate proposal last week made several changes from its previous plan, including putting more money to pay for state employee salaries negotiated in collective bargaining agreements, though that increase is tied to a demand for collective bargaining reforms.

Rep. Ross Hunter, a Democrat from Medina who is the chamber's main budget writer, said there are still substantive differences between the House and Senate on the level of spending on areas ranging from education, to mental health and human services. He said all of those areas will continue to be negotiated.

"As the governor said last week, we're going to come down on our spending, which we are doing in this proposal," he said. "The Senate is going to need to come up on their resources, which they're not doing in theirs."

Sen. Andy Hill, a Republican from Redmond who is the key budget negotiator in the Senate said that while the new proposal from the Democrats was a positive step, there's no guarantee of a quick resolution to his chamber's concerns.

"The big difference here is they're demanding new taxes that we think are unnecessary," he said. "That is what is holding everything up."

Budget negotiators and leaders from all four caucuses met with Gov. Jay Inslee Monday to start daily meetings on negotiations. David Schumacher, director of the Office of Financial Management., said the hope is to expedite an agreement before the end of the month to avoid a partial government shutdown, which will occur if a budget isn't signed before July 1.

"What the governor is doing here is kick starting the process and giving them a bit of urgency," he said.